

**TOPIC: TWO-YEAR CASH FUNDED CAPITAL IMPROVEMENT  
PROGRAM LIST**

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**I. SUMMARY**

Statute requires the Commission to annually request from the governing board of each institution of higher education a unified, unprioritized two-year projection of projects that will be constructed using 100% cash funds. At the December 2009 meeting the Commission approved the two-year lists from all institutions except for the University of Colorado at Colorado Springs (UCCS). No action was taken on the UCCS list because of their stated intent to submit a revision.

The revised Two-Year Cash Funded Capital Program list for the UCCS covering FY2010-11 through FY2011-12 contains three capital construction projects from the Board of Regents and is included as Attachment A. The two-year plan was approved but not prioritized by the Board of Regents before submission. The total cash cost of the two-year list shows approximately \$21.5 million will be provided by the UCCS through institutional sources or federal sources.

**II. BACKGROUND**

Prior to the current FY2010-11 budget cycle, governing boards were required to submit a single unified five-year plan for capital construction projects. This five-year plan included state funded requests and cash funded proposals. With the passage of SB09-290, institutions of higher education were granted considerable flexibility in the area of capital construction. This legislation also revised the submission criteria for the five-year list, by dividing it into two distinct lists.

Governing boards are permitted to amend their two-year lists at any point during the fiscal year, and such amendments are to be submitted to the Commission and the CDC for re-approval.

DHE and CDC staff have come to a mutual understanding and agreement on the implementation of SB09-290 that no Cash Funded project may commence until it has received: approval from the Commission and the CDC on the Two-Year list (for non-Intercept projects); or Commission and CDC approval on the Two-Year Cash Funded Program list and Commission review and approval of a program plan (for Intercept projects).

During the December 2009 Commission meeting, the Commission approved the Two-Year Cash Funded Capital Program lists for all governing boards, except for the list submitted by the UCCS. On December 2<sup>nd</sup> during the legislature's Capital Development Committee's hearings on the list, a representative from the UCCS announced that a new list would be submitted that revised cost estimates and reduced the number of projects. As a result neither the Capital Development Committee nor the Commission approved the original UCCS list as submitted and instead chose to wait for the revised list.

### **III. STAFF ANALYSIS**

The originally submitted UCCS list consisted of four projects at a total cost of almost \$60 million. This included almost \$43 million in cash funds and \$17 million in federal funds. The revised UCCS list consists of three projects at a total cost of approximately \$21.5 million. Table 1 displays the projections for cash funded projects as reported on the two-year list by funding type including totals for Cash Funds (CF) and Federal Funds (FF).

**Table 1:**  
**Two-Year Cash Funded Capital Program**  
**FY2010-2012**

<b>CF</b>	\$12,566,000
<b>FF</b>	\$9,000,000
<b><i>TF</i></b>	<b><i>\$21,566,000</i></b>

For these projects Table 2 displays the breakdown between the academic and auxiliary nature of the project and whether or not the project will be financed under the Higher Education Revenue Bond Intercept Program (C.R.S. 23-5-139). The Intercept program permits schools to issue bonds for capital construction and use either the state's credit rating (opt in), or use their own credit rating (opt out). Academic facilities are those that are considered core to the role and mission of the institution (e.g. classrooms, student services, libraries), while auxiliary facilities are those that are not considered core to the role and mission and exist for some other purpose (e.g. residence halls, recreation centers, parking facilities).

**Table 2:**  
**Cash Funded Project Types**

	<b>Academic</b>	<b>Auxiliary</b>	<b><i>Total</i></b>
<b>Intercept</b>	0	0	<b><i>0</i></b>
<b>Non-Intercept</b>	2	1	<b><i>3</i></b>
<b><i>Total</i></b>	<b><i>2</i></b>	<b><i>1</i></b>	<b><i>3</i></b>

Per the statutory amendments of SB09-290, academic facilities constructed under the new capital procedures will be eligible for state Controlled Maintenance Funds. Also due to new statutory provisions, any Non-Intercept projects will only have their cost projections reviewed in the Two-Year list, while Intercept projects require approval in the Two-Year list as well as program review. In accordance with the two step approval process for cash funded projects, the Department (acting with the power delegated by the Commission (CCHE Policy III.J)) will review all budget documents submitted for Intercept Act cash projects and submit all forms to the General Assembly's Capital Development Committee as they are approved.

**III. STAFF RECOMMENDATION**

**That the Commission approve the Two-Year Cash Funded Capital Program for the University of Colorado at Colorado Springs and forward it to the Governor, the Office of State Planning and Budgeting, the Capital Development Committee and the Joint Budget Committee.**

**IV. STATUTORY AUTHORITY**

C.R.S. 23-1-106

**ATTACHMENT A:** Two-Year Cash Funded Capital Program FY2010-2012